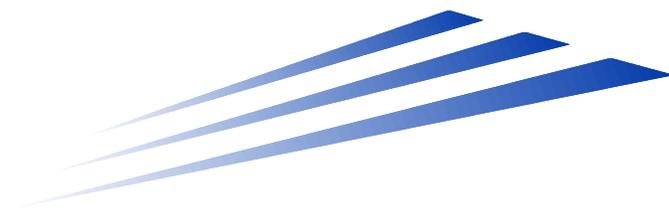


# KENTUCKY TRANSPORTATION CENTER

*College of Engineering*

**QUALITY BASED PREQUALIFICATION OF CONTRACTORS**



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# **Quality-Based Prequalification of Contractors**

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## **Chapter 1: Introduction**

The quality of the constructed project is a major issue in highway construction. There is a process currently in place to make contractors accountable for the quality of the work performed on KyTC construction projects. However, the process is not very systematic nor comprehensive. With the high focus on quality, an improved process is needed to reward excellent quality work by contractors and to penalize poor quality work on construction projects. Evaluating quality-based contractor performance and using it in the annual prequalification of contractors working for the KyTC is a viable and timely method for addressing this important issue.

### **1.1 Background and Significance of Work**

The performance of contractors in highway construction is a significant area of interest to all highway departments. Obtaining the greatest value for the dollar is their primary objective. There are many variables that influence the value received including the cost of the work performed, the duration within which the work was performed, the schedule of the work performed, the actual quality of the work performed, the impact on the public, the safety record during construction, etc. It is imperative that highway departments utilize contractors who provide the greatest value. Therefore, it is necessary to evaluate the performance of contractors more thoroughly. How and when to do this was the primary focus of this research.

There is a great deal of interest in this issue amongst DOTs in the United States. This shared interest provided an opportunity to develop a quality-based performance evaluation system for utilization on highway construction projects that will allow the KyTC to identify and reward better performing contractors.

The proposed Quality-Based Performance Evaluation System will provide: (1) a systematic method for evaluating the quality of work performed by contractors on KyTC projects; (2) a method for rewarding quality performance on KyTC construction projects; and (3) improved quality, cost, and schedule on KyTC construction projects.

## **1.2 Goals and Objectives of Study**

The primary goal of this study was to provide the Kentucky Transportation Cabinet with a system for evaluating the quality of the performance of contractors on highway construction projects and using that evaluation in the Cabinet's annual prequalification process for contractors. The following objectives were identified for the study:

1. Identify the primary elements of performance by contractors on KyTC construction projects that indicate the quality of the work achieved.
2. Develop a process for measuring these elements.
3. Develop a quality performance evaluation system for contractors' performance on KyTC construction projects.
4. Develop a data collection and reporting system.
5. Develop a method for utilizing the contractor quality performance evaluation system in the Cabinet's annual contractor prequalification process.

## **Chapter 2: Research Accomplishments**

The researchers used various methods to gather information concerning prequalification of contractors by departments of transportation. First, a literature review was conducted to determine what research had already been performed in the area and to identify new initiatives had been undertaken by others. Next, a research advisory committee was formed to review and guide the work of the researchers throughout the project. Finally, a survey was used to gain insight of the prequalification activities of other DOTs. This chapter discusses the results of each of the research methods.

### **2.1 Literature Review**

A literature review was conducted as part of the research. Although several papers and reports were identified as related to prequalification, none covered quality based prequalification related to performance as the research was focused. Good information was obtained from other DOTs which is discussed in the next section.

### **2.2 Input from Other DOTs**

As part of the research effort, all of the 50 U.S. DOTs were contacted about information on their activities related to contractor prequalification. 22 of them responded and sent details of their prequalification process as listed below. Detailed discussions were held with some of the departments who are using performance evaluations as part of the process, especially Maine, Missouri and Ohio.

#### **Alabama**

- Manual of Instructions for Determining Contractor's Prequalification Contract Limit
- Confidential Financial Statement, Equipment, and Experience Questionnaire

#### **Arizona**

- Application for Contractor Prequalification

#### **Arkansas**

- Arkansas State Highway and Transportation Department: Standard Specifications for Highway Construction-Edition 1996
- Section 102, Bidding Requirements and Conditions
- Arkansas State Highway Commission: Prequalification Questionnaire
- Arkansas State Highway and Transportation Department Contractor Prequalification (AHTD FORM) Work Sheet

## **Colorado**

- Colorado Department of Transportation Contractor Prequalification Statement
- Colorado Department of Transportation: Prequalification, Debarment, Bidding and Work on Colorado Department of Transportation Road, Highway and Bridge Public Projects

## **Connecticut**

- General Information And Instructions for Preparing Contractor's Prequalification Statement (CON-16)
- Connecticut Department of Transportation: Contractor Performance Evaluation Rating Form

## **Florida**

- Florida Department of Transportation: Application Form for Qualification
- Florida Department of Transportation: Information For Contractors
- Florida Department of Transportation: Notice To Contractors
- Florida Department of Transportation: Bid Solicitation Notice (Construction and Maintenance Program)

## **Illinois**

- Illinois Department of Transportation: Prequalification and Equal Employment Opportunity Responsibility
- Illinois Department of Transportation: Special Notice Regarding Joint Ventures
- Illinois Department of Transportation: Numerical Guidelines for Use with Contractor' Performance Evaluation
- Illinois Department of Transportation: Contractor's Performance Evaluation
- Illinois Department of Transportation: Contractor's Statement of Experience and Financial Condition
- Illinois Department of Transportation: Rules for Prequalification of Contractors and Issuance of Plans and Proposals

## **Indiana**

- Indiana Department of Transportation: Contractor's Statement of experience and Financial Condition
- Indiana Department of Transportation, Division of Technical Services: Contract Services on The Web
- Indiana Department of Transportation: Prequalified Contractors
- Title 105 Indiana Department of Transportation: Article 11. Prequalification of Contractors and Bidding
- Indiana Department of Transportation: Report on Contractor's Performance of Contract

## **Iowa**

- Iowa Department of Transportation: English Standard Specifications for Highway and Bridge Construction
- Metric General Supplemental Specifications for Highway and Bridge Construction
- Contractor's Financial –Experience-Equipment Statement
- Contractor's Financial –Experience-Equipment Statement Analysis

## **Kansas**

- Bidding Requirement and Conditions
- Contractor's Qualification Statement and Experience Questionnaire

## **Maine**

- Maine Department of Transportation Contractor Performance Rating (CPR) Survey
- Contractor's Performance Rating

## **Massachusetts**

- Definitions of Classes of Work
- Prequalification of Contractors and Prospective Bidders for Statewide Engineering Field Survey Services
- Massachusetts Department of Highways: Application for Qualification
- Massachusetts Department of Highways: Record of Contractor's Performance
- Massachusetts Department of Highways: Information for District Highway Directors Relating to Prequalification

## **Michigan**

- Bureau of Finance & Administration Financial Services Prequalification: Guidance Document: Contractor Evaluation Forms
- Michigan Department of Qualification: Construction Prequalification Package

## **Missouri**

- Contractor Performance Questionnaire
- Rules of Department of Transportation, Division 10 –Missouri Highways and Transportation Commission, Chapter 10- Contractor Performance Rating to Determine Responsibility
- Missouri Highway and Transportation Commission: Prequalification Contractor Questionnaire
- Bidding Requirements and Conditions
- Missouri Code of State Regulations: Contractor Prequalification

## **Nebraska**

- Nebraska DOT: Pertinent Sections of the States Relating to Letting of Contracts and Prequalifications of Bidders
- Contractor's Statement of Experience, Equipment and Financial Condition

## **New Hampshire**

- CHAPTER Tra 400 Prequalification and Bidding Process: Part Tra 401 Prequalification of Contractors- Classification and Rating of Prospective Bidders.

## **New Jersey**

- Construction Operations Bulletin: Contractor's Performance Report, Rating Guidelines
- New Jersey Department of Transportation Regulations Covering the Classification of Bidders.

## **North Carolina**

- Requirements and Procedures for Prequalification of Bidders by North Carolina Department of Transportation

## **North Dakota**

- Contractor's Prequalification Statement

## **Ohio**

- Ohio DOT: Qualification Application
- Ohio DOT: Sample Work Type Request
- Evaluation of Contractor Performance
- Work Type Definition

## **Oregon**

- Administration Rules for Prequalification Process and the Evaluation of Contractor Performance by ODOT project managers
- Rating Guidelines

## **South Dakota**

- Contractor's Prequalification Statement

## **Texas**

- Texas DOT: Accounting Procedures in Determination of Contractor's Financial Resources
- Texas DOT: Confidential Questionnaire

## **Vermont**

- Vermont Agency of Transportation: Policies & Procedures on Prequalification, Bidding and Contract Awards, Adopted on December 1, 1995
- Vermont Agency of Transportation: Contractors Experience Questionnaire and Financial Statement

### **Virginia**

- ❑ Virginia DOT: Rules Governing Prequalification and Certification

### **Washington**

- ❑ Prequalification of Contractors
- ❑ Information and Instruction for Prequalification of Bidders
- ❑ Prime Contractors Performance Report Manual

### **West Virginia**

- ❑ The Rules and Regulations of the West Virginia Department of Transportation, Division of Highways
- ❑ West Virginia Department of Transportation, Division of Highways: Manual for Consultant Services

### **Wisconsin**

- ❑ Wisconsin DOT: Policy on Prequalification of Bidders
- ❑ Prequalification Statement

### **Wyoming**

- ❑ Standard Prequalification Questionnaire and Financial Statement for Bidders

## **2.3 Quality-Based Prequalification Research Advisory Committee**

To aid the research team throughout the study a research advisory committee was established comprised of both state employees and contractors doing work for the Cabinet. The committee was very helpful in focusing the efforts of the researchers as well as reviewing all the work done. The research advisory committee provided valuable insight to the real world issues and practices related to performance evaluation and contractor prequalification.

The committee met several times for approximately three hours each throughout the duration of the research project. The discussions during these meetings was invaluable in determining the key factors to evaluate for contractor performance and also for the key factors to evaluate the performance of the Cabinet on projects. They also provided input on the final report for the project.

The research advisory committee was composed of the following members:

#### **Ed Broomall**

(Kentucky Transportation Cabinet)

#### **Bart Bryant**

(Kentucky Transportation Cabinet)

#### **Bill Catlett**

Kentucky Transportation Cabinet

#### **John Mathis**

Matsuda, Inc.

**Bill Cress**  
Hinkle Contracting Corp.

**\*Donn Hancher**  
University of Kentucky

**Larry Judy**  
Judy Construction Company

**\*Eric Lambert**  
University of Kentucky

**Greg Meredith**  
Kentucky Transportation Cabinet

**Gary Raymer**  
Kentucky Transportation Cabinet

**Ray Werkmeister**  
University of Kentucky

**Ron Gray**  
Kentucky Assoc. Highway Contractors

**David Hite**  
Rose Construction Company

**Cliff Linkes**  
Kentucky Transportation Cabinet

**\*William Maloney**  
University of Kentucky

**Dexter Newman**  
Kentucky Transportation Cabinet

**Rick Stansel**  
Kentucky Transportation Cabinet

**J.M. Yowell**  
Kentucky Transportation Cabinet

\* UK Research Team

## **Chapter 3: Kentucky Contractor Prequalification Process**

This section will explore the current Contractor Prequalification Process used by the KyTC, and how the information provided by the contractor in the Application for Certificate of Eligibility is used in that process. It will also compare and contrast the KyTC Prequalification procedures with similar procedures used by other DOTs across the country.

### **3.1 Current KyTC Prequalification Process**

Under the current prequalification process used in Kentucky, any in-state contractor, or foreign contractor with a Certificate of Authority, may file an Application for Certificate of Eligibility to become prequalified. The contractor must complete the entire application, which is broken into the following sections:

- 1) Type of Work Requested
- 2) Equipment Available:
  - a) Owned or Leased Under Purchase Agreement
  - b) Leased Only
- 3) Experience Questionnaire:
  - a) Major Contracts Awarded in Past 3 Years
  - b) Active Certificates of Eligibility
  - c) Principle Officers, Managers & Superintendents
- 4) Financial Data:
  - a) Accounting Questionnaire
  - b) Organizational Information
  - c) Financial Statement
- 5) Applicant's Determination of Financial Capacity / Transportation Cabinet's Determination of Eligibility Rating

The first section requests that the contractor indicate the type(s) of work for which eligibility is desired. The types of work are broken into two groups: 1) Principle Types of Work and 2) Incidental Types of Work. These two groups are further broken down into the following categories and sub-categories:

Principle Types of Work:

- 1) Grade and Drain
- 2) Portland Cement Concrete Paving
- 3) Bituminous Concrete Paving
- 4) Bridge Projects:
  - a) Bridges < 70' Clear Span
  - b) Bridges < 100' Clear Span
  - c) Bridges > 100' Clear Span
  - d) Demolition of Major Bridges
  - e) Bridges over Navigable Streams
- 5) Signs
- 6) Lighting
- 7) Landscaping
- 8) Other

Incidental Types of Work:

- 1) Clearing and Grubbing
- 2) Ditching and Shouldering
- 3) Bridge Approaches
- 4) Guard Rails
- 5) Fencing
- 6) Seeding and Sodding
- 7) Dense Grade Aggregate Base Construction
- 8) Cement concrete Base Construction
- 9) Soil Cement Base Construction
- 10) Plant Mix Bank Gravel Base Construction
- 11) Curb and Gutter
- 12) Sidewalk
- 13) Entrance Pavement
- 14) Paved Ditch
- 15) Culverts
- 16) Bridge Repair
- 17) Bridge Deck Repair
- 18) Bridge Painting
- 19) Steel Erection
- 20) Tying Steel reinforcement
- 21) Furnish and Driving Piling
- 22) Dredging
- 23) Hydraulic Embankment Construction
- 24) Storm Drainage and Storm Sewer
- 25) Slurry Steel
- 26) Buildings and Related Construction
- 27) Demolition

These categories inform the Department as to the purpose of the contractor's application, and are useful when evaluating the contractor's project experience, owned or leased equipment, and personnel experience data for relevancy and adequacy.

The next stage of the application addresses the contractor's available equipment. This stage investigates two categories of equipment, 1) equipment owned or leased under purchase agreement, and 2) equipment leased only. This allows the Prequalification Committee to assess the amount of available equipment for determining the ability of a contractor in certain work types, also the financial worth of the equipment. Any equipment that is owned or leased under a purchase agreement will have the book value (cost minus depreciation) considered in the determination of maximum capacity. Equipment that is only leased will count towards a contractor's ability to perform a certain type of work, but does not carry any financial value for determining a contractor's maximum capacity.

The Experience Questionnaire is the next portion of the application, which looks at a contractor's experience in the following three ways:

- 1) Major Contracts Awarded Within Past 3 Years
- 2) Active Certificates of Eligibility Issued by Other States or Agencies
- 3) Experience of Principle Officers, Managers & Superintendents

The list of major contracts awarded within the past three years (except for contracts with the Kentucky Transportation Cabinet) will help describe the type(s) of work that the contractor has experience with. The list of active Certificates of Eligibility issued by other states or agencies is used to cover all other types of work that the contractor does have experience in, but has not completed in the past three years. The experience of principle officers, managers, and superintendents verifies the experience a company may have gained through new employees or experience not made known in either of the previous two sections of the Experience Questionnaire. Other information listed in the Experience questionnaire

includes a list of the contractor’s bank, material and equipment suppliers, surety company, auditor or accountant, process agent, and legal counsel.

Next are several forms that address the contractor’s financial data and tax information. The first form is the Accounting Questionnaire, which requests information of the accounting methods used by the contractor and any extreme circumstances that should be noted before reviewing the contractor’s financial statements. The next form establishes the type of business (i.e.-sole proprietorship, partnership, corporation, LLC, etc.) and basic information of the company (principal parties, state of residence, etc.). The last form is for the financial statements, where a simple worksheet is included in the application for information found on the balance sheet, which may only be used for companies seeking an Eligibility Rating of \$1 million or less. Any company seeking a Certificate in excess of \$1 million is required to submit a Standard Audit Report prepared by a CPA, an independent public accountant, or the equivalent in other states, in addition to the application. While a balance sheet is only required for a Certificate of \$1 million or less, an audited report must include all required statements: balance sheet, income statement, statement of retained earnings and statement of cash flows.

The next form is the Applicant’s Determination of Maximum Capacity / Transportation Cabinet’s Determination of Eligibility Rating. The Applicant’s Determination of Maximum Capacity is a worksheet that evaluates the contractor’s financial resources to determine the contractor’s Maximum Capacity. This is the theoretical maximum amount for the contractor’s Certificate of Eligibility. The method in which this value is calculated is as follows:

<u>No.</u>	<u>Item</u>	<u>Item From Balance Sheet</u>	<u>Eligibility Evaluation Amount</u>
1.	Current Assets	10	\$

2.	Less Current Liabilities	<u>26</u>	\$	
3.	Net Current Assets ( <i>Working Capital Line 1-2</i> )		\$	
4.	Cash Value of Life Insurance	<u>14</u>	\$	
5.	Total ( <i>Lines 3 and 4</i> )		\$	
6.	Multiplying Factor			X 12
7.	Net Current Asset Factor		\$	
8.	Book Value of Mach. & Equip.	<u>11</u>	\$	
9.	Multiplying Factor			X 6
10	Total Equipment Value Factor		\$	
11.	Total Maximum Capacity Factor ( <i>Lines 7 and 10</i> )		\$	

The Transportation Cabinet’s Determination of Eligibility Rating, which is to be filled out by the Transportation Cabinet, is the worksheet used as the application is reviewed. Basic information is presented first, such as contractor’s name and address, type of application (new, reinstatement, renewal, etc.), work type requested, and work allowed. The second half of this worksheet illustrates how the final Eligibility Rating is determined. During the review of the application, ratings are given to the applicant for the organization experience and plant & equipment made known in the Experience Questionnaire and the Equipment Available list. The value for Organizational Experience ranges from 0 – 20%, while the value for Plant & Equipment ranges from 0 – 30%. The final value used is the Performance Factor (PF), which is derived from the Contractor Performance Questionnaire and ranges from 0 –50%. These three values are totaled to make the Performance Factor (PF), which is then multiplied by the contractor’s Maximum Capacity Factor (MCF) to obtain the contractor’s Annual Eligibility Rating, which is the total amount that a contractor may have as prime contracts at one time.

$$\text{Annual Eligibility Rating} = \text{Performance Factor} \times \text{Max. Capacity Factor}$$

When an application is up for renewal, the previous performance rating is reviewed with all new information and the Department makes a decision to either increase, decrease or keep the rating the same.

The only exceptions to this process are for contractors seeking an initial eligibility rating, and contractors seeking an eligibility rating after being disqualified for disciplinary reasons. Contractors who seek an eligibility rating for the first time will typically receive an initial Performance Factor of 50%. This will be multiplied by the contractor's Maximum Capacity Factor. After the first year, the new contractor's Performance Factor will increase due to improvements in equipment, organizational experience, and performance. Contractors who submit an Application for Eligibility after being disqualified for disciplinary reasons must complete all necessary forms and will be considered on an individual basis by the committee.

The final portion of the Application for Eligibility consists of two affidavits to be signed by a principal of the company that attest to the validity of the information provided. Both affidavits must be signed and notarized.

### **3.2 National Trends in the Prequalification of Highway Contractors**

This section will briefly describe the current trends found in the prequalification processes used by states across the country. It should be noted that several DOTs do not do prequalification, but local bonding companies determine a contractor's maximum capacity. The information used to identify these trends was supplied by each of the states in response to a letter that was sent as part of the study which requested information on the current prequalification process and any related performance evaluation. The following is a list of the states that responded by supplying information on their respective current prequalification policies:

Alabama	Michigan	South Dakota
Arizona	Missouri	Tennessee
Arkansas	New Jersey	Texas
Colorado	North Carolina	Utah
Connecticut	North Dakota	Vermont
Florida	Nebraska	Virginia
Illinois	New Hampshire	Washington
Indiana	Ohio	West Virginia
Iowa	Oregon	Wisconsin
Maine	Pennsylvania	Wyoming
Massachusetts		

From the information submitted by these state DOTs, the most predominant method for prequalifying contractors is based on the contractor's financial resources, organizational experience, and plant and equipment. A few states will use the contractor's bonding capacity as a means to derive the level of eligibility, while some use a combination of the two methods. Since the Kentucky Transportation Cabinet uses a prequalification process based on a contractor's financial resources, organizational experience, and plant and equipment, the study focused on state DOTs with similar procedures.

The main differences in prequalification processes are in the financial information required, the use of a performance evaluation in the prequalification process, and determination of financial capacity. The variations in the financial information required is mainly attributed to the types of documents required and how the documents were reviewed. The methods by which financial capacity is calculated vary greatly depending on the information provided in the application, the use of a performance evaluation, and local issues.

Most states require either a full set of financial statements, a balance sheet, or the completion of a financial questionnaire included in the application. It may be required that the financial statements (or balance sheet) are reviewed, certified, or audited by a CPA (or equivalent). The general rule is that financial information must have stricter evaluation as the contractor's request for prequalification

increases (the higher Eligibility Rating requested, the closer the financial statements must be examined). As far as the amount to which the level of scrutinizing the financial statements increases depends on the state's overall prequalification system.

Almost every state that uses this approach for prequalifying contractors utilizes questionnaires for the contractor's organizational experience, and plant and equipment. Organizational Experience Questionnaires generally include a listing of the executives and principle employees of the company, respective job titles, and number of years of experience with each type of work. Plant & Equipment Questionnaires are generally divided to distinguish between plant and equipment that the contractor owns and leases. At this level, the Organizational Experience and Plant & Equipment questionnaires are used to determine the contractor's ability to perform the type(s) of work that are listed on the application. There are no major differences in comparison to the Organizational Experience and Plant & Equipment Questionnaires used by the KyTC.

## **Chapter 4: Performance Evaluation Documents**

The major thrust of the research study was to develop a performance evaluation system to enable the KyTC to rate the performance of contractors doing work for the Cabinet. This information would then be used in the annual prequalification process to establish a contractor's Maximum Eligibility Amount (allowable work volume) for the coming year. The Cabinet already has an evaluation rating report (see Figure 4.1) that is currently used each year in the prequalification process. However, the rating report is not believed to adequately address the issue of quality work performance and thus a new method was sought.

The current Contractor's Performance Report does not adequately weigh the quality of the work performed for the following reasons:

- The form's questions are weighted equally, which distorts the importance of each topic.
- The form does not use an explicitly defined rating system, which leaves the rating open for personal interpretation/excessive subjectivity.
- The form does not require or encourage qualitative commentary that could provide important insights.

The current report is also not shared with the contractor unless their performance is unsatisfactory and the contractor is called before the KyTC Prequalification Committee. The researchers and the advisory committee spent many months coming up with a new system which will be discussed in this chapter.

## **4.1 Department of Highways Evaluation of Contractor**

The contractor performance evaluation systems used by several other DOTs were reviewed before addressing a new system for the KyTC. They addressed similar issues but varied widely in the number of factors evaluated and the format used for evaluation. It was agreed that the number of factors should be limited to facilitate effective use. Also, there was considerable debate about the problem of subjectivity of the evaluators varying widely amongst KyTC Resident Engineers, which could distort the evaluation process. After many trials and many discussions, a new Contractor's Performance Report form was developed. The complete form is shown in Appendix A.

The new contractor evaluation form has two sections of questions. Part 1 "Contractor Work Performance" has 10 questions related to the primary work requirements and working relations on the project. Part 2 "Contractor Project Management and Administration" has 7 questions related to the contractor's personnel, equipment and organization on the project. The KyTC Resident Engineer for a project will evaluate each project at least once per year and at the end of the project.

The concern for too much subjectivity by the evaluators was a valid concern. This is a problem with the current evaluation form where ratings are merely Poor, Fair or Good. Therefore, in an attempt to minimize this weakness and to attain more objective evaluations, the questions were designed with prescribed outputs for different ratings of performance. Also, a rating scale of a "5" for Excellent Performance to a "1" for Extremely Poor or Unacceptable Performance was developed after many discussions and trials. It was decided that the Normal Level of Performance required for KyTC projects was a "4" rating; anything below a 4 rating is to be considered as substandard performance. The use of a quantitative scale for each question in the evaluation will allow the contractor's performance to be represented by a numerical rating for each project they work on during a year. An Annual Performance

Rating can also be calculated as a summary of a contractor's performance on all projects that they have worked on throughout the year.

The approach used is illustrated below for Part 1, Question 1, of the Contractor's Performance Report. As the rating drops below a "5" which requires "exceeding project requirements," each descriptor becomes more severe. Hopefully, the descriptors will help minimize the personal bias in the evaluations. Note that any rating below a "4" will require that Comments be made defining the substandard performance.

1. **Quality of Work** (including work performance of subcontractor(s))

- 5. ***Exceeded project requirements, and required no rework.***
- 4. ***Met project requirements, and required only minor rework.***
- 3. ***Met project requirements, but required moderate rework.***
- 2. ***Met project requirements, but required extensive rework.***
- 1. ***Did not meet project requirements, accepted with reduced compensation.***

**Comments:**

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It was decided that all project evaluations will be copied to the contractor for review. If the contractor disagrees with the evaluation, an appeal can be made to the Chief District Engineer who will review the evaluation and decide if changes are justified.

**Figure 4.1 Current KyTC Contractor Evaluation Form**

TC14-1

**KENTUCKY TRANSPORTATION CABINET  
DEPARTMENT OF HIGHWAYS  
DIVISION OF CONTRACT PROCUREMENT**

**CONTRACTOR'S PERFORMANCE REPORT**

NAME OF CONTRACTOR \_\_\_\_\_  
 CITY \_\_\_\_\_ STATE \_\_\_\_\_ PRIME \_\_\_\_\_ SUB \_\_\_\_\_  
 PROJECT ID NUMBER \_\_\_\_\_ COMPLETION DATE \_\_\_\_\_  
 COUNTY \_\_\_\_\_ DOC NO. \_\_\_\_\_ PCN \_\_\_\_\_  
 TYPE OF WORK \_\_\_\_\_ COST \_\_\_\_\_

**CONTRACTOR'S PERFORMANCE**

PLEASE CHECK APPROPRIATE COLUMN

GENERAL SUPERVISION  
 WORK PERFORMANCE  
 EQUIPMENT QUANTITY AND CONDITION  
 QUALITY AND QUANTITY OF LABOR  
 COOPERATION WITH FIRLD PERSONNEL  
 WAGE AND EEO REGULATION COMPLIANCE  
 MOTOR VEHICLE LAW COMPLIANCE  
 SAFETY RULES AND REGULATIONS COMPLIANCE  
 ABILITY TO MEET SCHEDULE  
 PLANS, SPEC., AND PROPOSAL COMPLIANCE

POOR	FAIR	GOOD

Areas of Contractor Performance Needing Improvement \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Areas of Performance In Which Contractor Excelled \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Resident Engineer \_\_\_\_\_ District \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

Chief District Engineer \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

*This is confidential information for the exclusive use of the Transportation Cabinet*

## Overall Project Rating Calculation for Contractors

The contractor performance for all projects will be rated at the end of each calendar year or at the completion of the project. Projects which last for more than one construction season will be evaluated at the end of each year and at the end of the project. The Resident Engineer for the project will rate the performance of the prime contractor and all subcontractors who have performed work during the year. Only those questions which pertain to a contractor will be rated. Each question has been assigned a weight (value) with this resulting in the questions in Part 1 counting approximately three times as much as those in Part 2 of the report. The resulting rating of performance will be maintained on file in the contractor prequalification database in the Central Office for each contractor and each project.

At the beginning of each calendar year an Annual Performance Rating will be calculated for each contractor doing business with the Cabinet. The APR for prime contractors will be calculated by weighting the rating from individual projects based on the billings paid for the project for the year. The APR for subcontractors will be the average of the performance ratings for all projects worked on during the year since specific payment data is not available. If a contractor performs as both a prime and a subcontractor during the year, then the APR will be calculated as  $\frac{2}{3}$  of its APR as a prime and  $\frac{1}{3}$  of its APR as a subcontractor. All three scenarios are shown in Figure 4.2 by the example for a contractor who performs as both a prime and a sub. The use of this data in the KyTC annual prequalification process will be discussed in Chapter 5.

Instructions for completing the Contractor Performance Evaluation Form by a Resident Engineer are shown in detail in Appendix C.

**Figure 4.2 Example Contractor Performance Summary**

**Prime Contractor**

<u>Project ID</u>	<u>Cost</u>	<u>Wt. Of Project</u>	<u>Performance Rating</u>	<u>Overall Contribution</u>
01-3298426	4023851.00	0.24	3.68	0.87
00-4659833	10842691.00	0.64	3.81	2.43
01-6958472	745632.00	0.04	3.71	0.16
99-2336574	1368745.00	0.08	4.18	0.34
<b><u>TOTALS:</u></b>	<b>16980919.00</b>		<b>3.80</b>	

**Sub-Contractor**

<u>Project ID</u>	<u>Performance Rating</u>
00-2310261	4.15
01-3858640	3.97
<b><u>TOTALS:</u></b>	<b>4.06</b>

**Annual Performance Rating**

<b>Prime Contractor Rating</b>	<b>3.80</b>
<b>Sub-Contractor Rating</b>	<b>4.06</b>
<hr/>	
<b>Overall Annual Performance Rating</b>	<b>3.89</b>

**4.2 Contractor Evaluation of Department of Highways**

During the early discussions in the advisory committee meetings, it was decided that the contractor project performance ratings should be shared with the contractors, a practice not currently being followed. The contractors would like to have this information for their own quality improvement activities, plus for use in reviewing their annual Maximum Eligibility Amount set by the KyTC Prequalification Committee.

It was also pointed out during these early sessions that other DOTs ask the contractors to rate the performance of the DOT on projects. This seemed only a fair practice, plus would provide valuable

input to the Cabinet for its quality improvement activities. Therefore, a DOH Performance Report was developed and is shown in Appendix B.

Sixteen questions were developed for the DOH Performance Report covering many factors such as the quality of project documents, reviews and approvals, responses to requests, interaction with all parties involved with a project, personnel assigned to project, inspection, conflict resolution, payments and change orders. The questions for this evaluation report were developed as for the contractor evaluation report to avoid subjectivity as much as possible. Shown below is the question for shop drawing approval as an illustration.

### **Approval of Shop Drawings**

- 5. ***Always approved and returned in a timely manner without contractor follow-up*** required.
- 4. ***Approved and returned in a timely manner with few contractor follow-ups*** required.
- 3. ***Usually approved in a timely manner, but required moderate contractor follow-up.***
- 2. ***Frequently late, and required major contractor follow-up.***
- 1. ***Constantly late, and required contractor hassling to maintain project schedule.***
- N/A

Comments: \_\_\_\_\_

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At the end of each calendar year or the end of the project, the Project Manager for the prime contractor will be asked to rate the performance of the DOH on the project and submit it to the Chief District Engineer. For projects lasting for more than one construction season, a report will be requested at the end of each calendar year and at the end of the project. These reports are optional, but hopefully will be submitted.

The project performance ratings will be used by the districts and the central office to determine quality improvements needed, personnel training needed, topics for discussion at the annual meetings with the contractor associations, and for personnel evaluation and other uses as deemed appropriate.

## **Chapter 5: Revised Contractor Prequalification Process**

The current process for prequalification of all contractors on an annual basis has been in effect for many years and was discussed in detail in Chapter 3. The process is the responsibility of the KyTC Prequalification Committee who meets throughout the year as needed. Each year the Committee establishes a Maximum Eligibility Amount (MEA) for each contractor who wishes to prequalify to do work for the Cabinet. This MEA is the maximum dollar volume of work that the Cabinet will allow for the contractor, which includes all projects for the Cabinet and contracts for other clients. The basis of the MEA is the Total Maximum Capacity (TMC) calculated each year for a contractor using their reported current assets and equipment book value. A Percent Rating is calculated based on equipment, experience and prior performance. The MEA for the coming year is calculated by multiplying the contractor's TMC by the Percent Rating. The evaluation of new contractors wanting to prequalify for Cabinet work is more rigid, with a maximum of 50% of their TMC allowed their first year. Contractors with a Total Maximum Capacity greater than \$100 million may be granted an "unlimited" MEA.

The new performance evaluation system developed during this study will enable the Committee to place more emphasis on performance than was possible using the current performance reports. The Annual Performance Rating (APR) for contractors on their project work for the previous year was discussed in Chapter 4. This APR value will now be used to determine an Annual Eligibility Rating (AER), a percentage usually from 0.50 to a maximum value of 1.00.

The Committee will look at a contractor's previous year's AER and its performance rating for last year, its APR. Remember that the maximum APR possible is a 5.00 and the lowest is a 1.00, with 4.00 defined as the expected performance level. If the APR is above 4.00, then the contractor is eligible to have their AER raised for the coming year. If the APR is below 4.00, then the AER may be lowered for the coming year. Figure 5.1 depicts the AER Adjustment Factor process; however, the specific

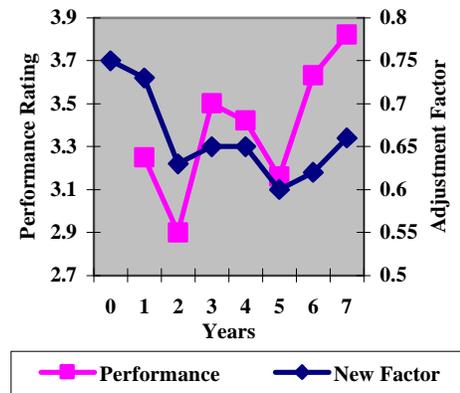
values were omitted since they are exclusive for the Cabinet and not published. Figure 5.2 shows how this process works over several years for a contractor who is performing below normal.

		Annual Performance Rating (APR)									
		< 2.5	2.5-2.74	2.75-2.99	3.00-3.24	3.25-3.49	3.50-3.74	3.75-3.99	4.00-4.24	4.25-4.49	4.50-4.74
Previous Year's Eligibility Rating (AER)	1										
	0.95 - 0.99										
	0.90 - 0.94										
	0.85 - 0.89										
	0.80 - 0.84										
	0.75 - 0.79										
	0.70 - 0.74										
	0.65 - 0.69										
	0.60 - 0.64										
	0.55 - 0.59										
	0.50 - 0.54										
	< 0.50										

Figure 5.1 Annual Eligibility Rating Adjustment Factor

Figure 5.2 - Sample Impact of Contractor Performance on the Annual Eligibility Rating in KyTC Prequalification Process

Year	Performance	Adjustment	New Eligibility Rating
0			0.75
1	3.25	-0.02	0.73
2	2.9	-0.1	0.63
3	3.5	0.02	0.65
4	3.42	0	0.65
5	3.16	-0.05	0.6
6	3.63	0.02	0.62
7	3.82	0.04	0.66



The Annual Eligibility Rate (AER), just like the current Percent Rating, will be multiplied by a contractor’s Total Maximum Capacity (TMC) to determine their Maximum Eligibility Amount (MEA) for the coming year. Again, the MEA is the maximum contract volume a prequalified contractor is allowed to do during the year including work for the Cabinet and other customers. Any work done for

others, or current KyTC projects, are subtracted from the MEA to determine if a contractor is eligible for additional contracts.

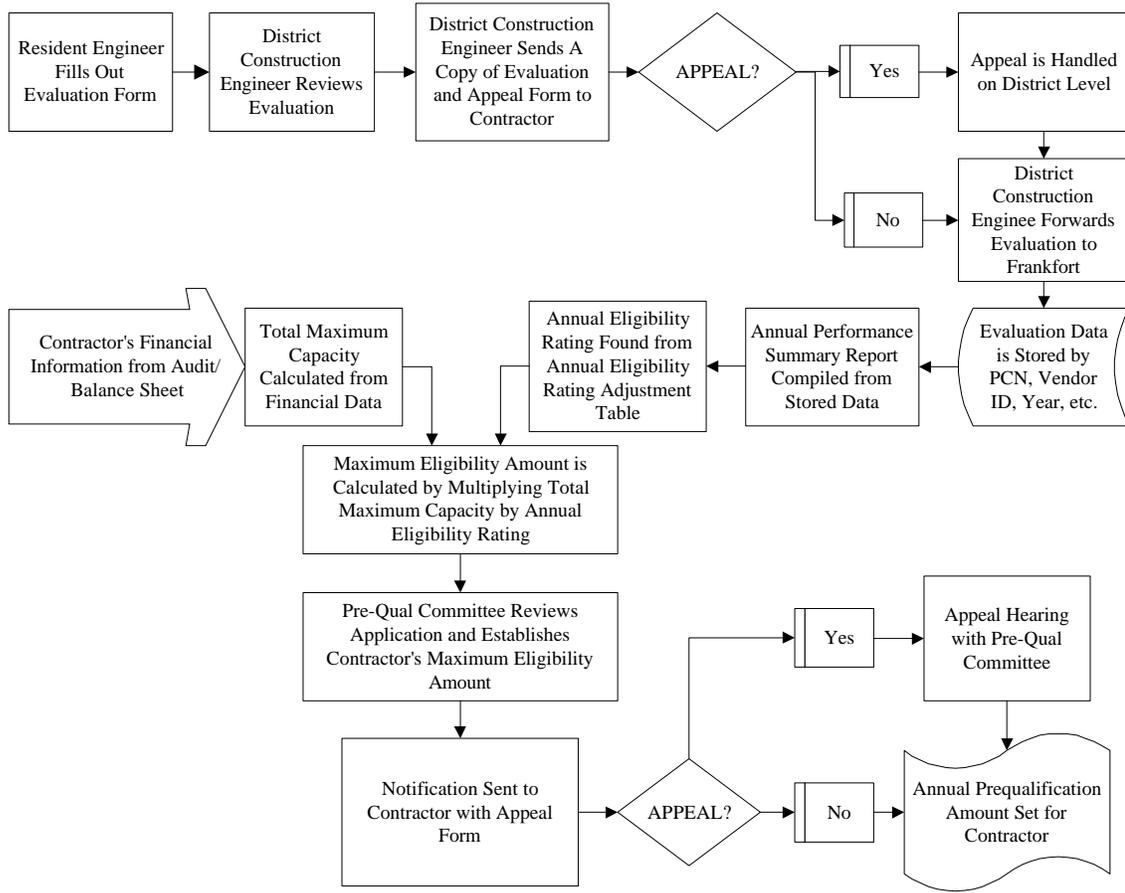
**Maximum Eligibility Amount = Total Maximum Capacity X Annual Eligibility Rate**

**MEA = TMC X AER**

**\$7,500,000 = \$10,000,000 X 0.75**

A contractor's TMC can change each year depending on the assets listed in their financial statement. The final value of the Maximum Eligibility Amount will be set by the Prequalification Committee who will look at the new calculated MEA, will review the contractor's performance over the past few years, and will consider any current information pertaining to performance. As exists now, appeals can be made to the Committee on the Maximum Eligibility Amount set for the next year.

A flow diagram showing all the steps for the proposed new performance evaluation process and revised annual contractor prequalification process is shown in Figure 5.3. The process is essentially the same as the current prequalification process except that the contractor performance evaluation reports now play a much more direct role than in the current process. However, the contractors will now receive their performance evaluation reports each year, plus there are two opportunities for appeal of their evaluations and prequalification. Also, the contractor will be requested to evaluate the performance of the Department of Highways on their projects, a new practice developed as part of this research study.



**Figure 5.3 - Proposed KyTC Annual Contractor Prequalification Process**

## **Chapter 6: Summary and Recommendations**

### **6.1 Summary**

The performance of contractors in highway construction is a significant area of interest to all highway departments. Obtaining the greatest value for the dollar is their primary objective. There are many variables that influence the value received including the cost of the work performed, the duration within which the work was performed, the schedule of the work performed, the actual quality of the work performed, the impact on the public, the safety record during construction, etc. It is imperative that highway departments utilize contractors who provide the greatest value. Therefore, it is necessary to evaluate the performance of contractors more thoroughly and to hold them accountable.

The primary focus of this research was to develop a quality-based performance evaluation system for utilization on highway construction projects that will allow the KyTC to identify and reward better performing contractors. Such a system was developed and tied to the Cabinet's annual prequalification process for contractors.

The process for annual prequalification of all contractors has been in effect for many years and is the responsibility of the KyTC Prequalification Committee. Each year the Committee establishes a Maximum Eligibility Amount (MEA) for each contractor who wishes to prequalify to do work for the Cabinet. This MEA is the maximum dollar volume of work that the Cabinet will allow for the contractor which includes all projects for the Cabinet and contracts for other clients.

The new performance evaluation system developed during this study will enable the Committee to place more emphasis on performance than was possible using the current performance reports. The Annual Performance Rating (APR) for contractors on their project work for the previous year will play a key role in determining a contractor's Maximum Eligibility Amount (MEA). Guidelines for

implementing this new system into the Cabinet's prequalification process were developed as part of the study.

A Department of Highways Performance Report was also developed as part of the research to allow contractors to evaluate the performance of the DOH on projects. Questions address both the providing of information for the project and timely decision making. The same frequency of rating will be used as for contractor performance evaluations on projects. The project performance ratings of the DOH will be used by the districts and the central office to determine quality improvements needed, personnel training needed, topics for discussion at the annual meetings with the contractor associations, and for personnel evaluation and other uses as deemed appropriate.

## **6.2 Recommendations**

1. The current contractor performance evaluation form should be replaced with the new Contractor Performance Report developed in this study.
2. Implement the use of the new DOH Performance Report to be completed by contractors on KyTC construction projects.
3. Implement the new Quality Based Prequalification System developed in this study this year if the computer systems can be developed in time by the KyTC Office of Technology. If not possible, do a trial run this December using the new Contractor and DOH Performance Report forms.
4. Integrate the new Q.B. Prequalification System with current KyTC computer systems as suggested by the KyTC Office of Technology.

5. Modify Section 4 (Method of Computing Maximum Eligibility Amount) of the Cabinet's "Rules and Regulations Relating to the Prequalification of Contractors" as needed to adopt the new Quality Based Prequalification System.
6. Consider revising the current benchmark of \$100 Million (which was set many years ago) for the "Unlimited" rating of the Maximum Eligibility Amount for contractors.

## **References**

"Contractor's Performance Rating Form" and "Department's Performance Rating Form," Maine Department of Transportation, 1997

"Instructions for Evaluation of Contractor Performance," Ohio Department of Transportation, 1995

"Contractor Performance Evaluation Rating Procedure," Connecticut Dept. of Transportation, 1996

"Contractor Performance Questionnaire," Missouri Department of Transportation, 1999

**Appendix A:**  
**Contractor's Performance Report**

**KENTUCKY TRANSPORTATION CABINET**  
Department of Highways  
Division of Contract Procurement  
**CONTRACTOR'S PERFORMANCE REPORT**

Name of Contractor \_\_\_\_\_

PCN \_\_\_\_\_  Prime Contractor  Sub Contractor

Contractor's Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Phone \_\_\_\_\_

Project Identification Number \_\_\_\_\_

Type of Work \_\_\_\_\_ Cost \_\_\_\_\_ Completion Date \_\_\_\_\_

*Evaluation of Contractor Performance On This Project By The Resident Engineer*  
**Part 1 – Contractor Work Performance**

**1. Quality of Work** (including work performance of subcontractor(s))

- 5. *Exceeded* project requirements, and required *no rework*.
- 4. *Met* project requirements, and required *only minor rework*.
- 3. *Met* project requirements, but required *moderate rework*.
- 2. *Met* project requirements, but required *extensive rework*.
- 1. *Did not meet* project requirements, accepted with reduced compensation.
- N/A

Comments:

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**2. Quality of Work** (excluding work performance of subcontractor(s))

- 5. *Exceeded* project requirements, and required *no rework*.
- 4. *Met* project requirements, and required *only minor rework*.
- 3. *Met* project requirements, but required *moderate rework*.
- 2. *Met* project requirements, but required *extensive rework*.
- 1. *Did not meet* project requirements, accepted with reduced compensation.

Comments:

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**3. Meeting of Contract Dates** (including approved extensions)

- 5. Completed project requirements *before* contract dates.
- 4. Completed project requirements *by* all contract dates.
- 3. Completed project requirements, but *late for some* contract dates.
- 2. Completed project requirements, *continually or severely late for some* contract dates.
- 1. *Continually and severely late* for all contract dates.

**Comments:**

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**4. Job Closeout Activities** (Punch List, Final Clean-Up, Final Paperwork, etc.)

- 5. Completed job closeout activities *within 30 days*.
- 4. Completed job closeout activities *within 90 days*.
- 3. Completed job closeout activities *with minor delays but no liquidated damages*.
- 2. Completed job closeout activities *with delays and some liquidated damages*.
- 1. Completed job closeout activities *with major delays and liquidated damages*.
- N/A

**Comments:**

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**5. Coordination and Cooperation with DOH and other government agency personnel.**

- 5. Interaction was *excellent* throughout the project, and was a *strong contribution* to the success of the project.
- 4. Interaction was *timely and satisfactory* throughout the project.
- 3. Interaction was *adequate, but slightly impeded* the success of the project.
- 2. Interaction was *poor and caused periodic problems* for the project.
- 1. Interaction was *the cause of constant problems* and *strongly impacted the success* of the project.

**Comments:**

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**6. Coordination and Cooperation with other Contractor(s), Sub(s) and Utilities**

- 5. Interaction was *excellent* throughout the project, and was a *strong contribution* to the success of the project.
- 4. Interaction was *timely and satisfactory* throughout the project.
- 3. Interaction was *adequate, but slightly impeded* the success of the project.
- 2. Interaction was *poor and caused periodic problems* for the project.
- 1. Interaction was *the cause of constant problems* and *strongly impacted the success* of the project.
- N/A

**Comments:**

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**7. Coordination & Cooperation with General Public (Motorists & Property Owners)**

- 5. Interaction was *excellent* throughout the project, and was a *strong contribution* to the success of the project.
- 4. Interaction was *timely and satisfactory* throughout the project.
- 3. Interaction was *adequate, but slightly impeded* the success of the project.
- 2. Interaction was *poor and caused periodic problems* for the project.
- 1. Interaction was *the cause of constant problems* and *strongly impacted the success* of the project.

**Comments:**

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**8. Public Safety and Traffic Control**

- 5. *Good traffic control program without additional need for DOH direction.*
- 4. *Met all project requirements with minimal need for DOH direction.*
- 3. *Met all project requirements with periodic DOH direction.*
- 2. *Met all project requirements with constant DOH direction.*
- 1. *Did not meet all project requirements and required constant DOH direction.*

**Comments:**

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**9. Workforce Safety Practices**

- 5. *Good safety program without additional need for DOH direction.*
- 4. *Met all project requirements with minimal need for DOH direction.*
- 3. *Met all project requirements with periodic DOH direction.*
- 2. *Met all project requirements with constant DOH direction.*
- 1. *Did not meet all project requirements and required constant DOH direction.*

**Comments:**

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**10. Compliance with Environmental Requirements**

- 5. *Exceeded requirements of the project, providing *extra effort* to improve surroundings.*
- 4. *Met all project requirements with minimal DOH (or other governing agency) direction.*
- 3. *Met all project requirements with periodic DOH (or other governing agency) direction.*
- 2. *Met all project requirements *but required constant DOH (or other governing agency) direction.**
- 1. *Did not meet all project requirements and required constant DOH (or other governing agency) direction.*

**Comments:**

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## Part 2 – Contractor Project Management and Administration

### 1. Project Supervisory Personnel

- 5. *Demonstrated extraordinary skill* and *present to direct others as needed*.
- 4. *Demonstrated necessary skill* and *present to direct others as needed*.
- 3. Skill and/or availability periodically hindered the meeting of project requirements.
- 2. Skill and/or availability often hindered the meeting of project requirements.
- 1. Skill and/or availability constantly hindered the meeting of project requirements.

Comments:

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### 2. Project Technical Staff

- 5. *Demonstrated extraordinary skill* and *present to direct others as needed*.
- 4. *Demonstrated necessary skill* and *present to direct others as needed*.
- 3. Skill and/or availability periodically hindered the meeting of project requirements.
- 2. Skill and/or availability often hindered the meeting of project requirements.
- 1. Skill and/or availability constantly hindered the meeting of project requirements.

Comments:

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### 3. Project Craft Workforce

- 5. *Demonstrated extraordinary skill* and were *present as needed*.
- 4. *Demonstrated necessary skill* and were *present as needed*.
- 3. Skill and/or availability periodically hindered the meeting of project requirements.
- 2. Skill and/or availability frequently hindered the meeting of project requirements.
- 1. Skill and/or availability constantly hindered the meeting of project requirements.

Comments:

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**4. Project Organization (Home Office Support and Organization)**

- 5. *Enhanced work performance* to meet project requirements, *contributing to the success* of the project.
- 4. *Enabled all work performance* to meet project requirements.
- 3. *Occasionally hindered work performance* to meet project requirements.
- 2. *Frequently hindered work performance* to meet project requirements.
- 1. *Constantly hindered work performance* to meet project requirements.

**Comments:**

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**5. Project Submittals**

- 5. *Timely, accurate and in accordance with project requirements.*
- 4. *Usually timely, accurate and in accordance with project requirements.*
- 3. *Periodically not timely, accurate and in accordance with project requirements.*
- 2. *Frequently late, inaccurate, and not in accordance with project requirements.*
- 1. *Constantly late with corrections required, and seldom in accordance with project requirements.*
- N/A*

**Comments:**

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**6. Equipment**

- 5. Provided *appropriate types* and *quantities* of construction equipment in good working order that met the project requirements.
- 4. Provided *appropriate types* and *quantities* of construction equipment that met the project requirements, but required *periodic* repairs.
- 3. Provided *appropriate types* and *quantities* of construction equipment that met the project requirements, but required *frequent* repairs.
- 2. Provided equipment *substandard* in productivity and efficiency requiring *periodic repairs*.
- 1. Provided *inadequate* equipment requiring *constant* repair, sacrificing the quality of the work.

**Comments:**

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**7. Jobsite Housekeeping**

- 5. *Constantly* being addressed *contributing* to *jobsite safety* and *productivity*.
- 4. *Met* all project requirements with *minimal DOH direction*.
- 3. *Met* all project requirements with *periodic DOH direction*.
- 2. *Substandard* requiring *frequent DOH direction*.
- 1. *Inadequate* requiring *constant DOH direction*.

**Comments:**

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**Resident Engineer:** \_\_\_\_\_ **District:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Chief District Engineer:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Appendix B:**  
**Department of Highways' Performance Report**

**KENTUCKY TRANSPORTATION CABINET**  
Department of Highways  
Division of Contract Procurement  
**DOH'S PERFORMANCE REPORT**

Name of Contractor \_\_\_\_\_

PCN \_\_\_\_\_  Prime Contractor  Sub Contractor

Contractor's Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Phone \_\_\_\_\_

Project Identification Number \_\_\_\_\_

Type of Work \_\_\_\_\_ Cost \_\_\_\_\_ Completion Date \_\_\_\_\_

*Evaluation of The DOH Performance On This Project By The Contractor*

**1. Quality of Plans and Proposals (including Addendums)**

- 5. *Exceeded* contractor requirements *without contractor follow-up* and *in a timely manner*.
- 4. *Met* contractor requirements with *little need for clarification*.
- 3. *Met* contractor requirements with *moderate contractor follow-up for clarification*.
- 2. Required *extensive contractor follow-up for clarification*.
- 1. *Unsuitable* for contractor's requirements.

Comments:

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**2. Pre-Construction Submittals Approval**

- 5. *Always* approved and returned in a timely manner *without follow-up* required.
- 4. *Approved* and returned in a timely manner with *little contractor follow-up* required.
- 3. *Usually* approved in a timely manner, but required *moderate contractor follow-up*.
- 2. *Frequently late*, and required *contractor follow-up to maintain project schedule*.
- 1. *Constantly late*, and required *contractor hassling to maintain project schedule*.

Comments:

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**3. DOH Provided Control Points and Permits to Start Work**

- 5. Provided in a timely and accurate manner *without corrections* required.
- 4. Provided in a timely and accurate manner *with few corrections* required.
- 3. Provided in a timely and accurate manner *with moderate corrections* required.
- 2. *Late* and required *continual revisions*.
- 1. *Extremely late*, and required *contractor hassling to obtain correct information*.
- N/A

Comments:

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**4. Approval of Shop Drawings**

- 5. *Always approved* and *returned* in a *timely manner without contractor follow-up* required.
- 4. *Approved* and *returned* in a *timely manner with few contractor follow-ups* required.
- 3. *Usually approved* in a *timely manner*, but required *moderate contractor follow-up*.
- 2. *Frequently late*, and required *major contract follow-up*.
- 1. *Constantly late*, and required *contractor hassling to maintain project schedule*.
- N/A

Comments:

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**5. Response to Contractor Requests**

- 5. *Always* addressed in a timely manner.
- 4. *Usually* addressed in a timely manner.
- 3. *Periodically not* addressed in a timely manner.
- 2. *Frequently not* addressed in a timely manner.
- 1. *Constantly not* addressed in a timely manner.

Comments:

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**6. Coordination and Cooperation with Utilities and other government agency personnel.**

- 5. Interaction was *excellent* throughout the project, and was a *strong contribution* to the success of the project.
- 4. Interaction was *timely and satisfactory* throughout the project.
- 3. Interaction was *adequate, but slightly impeded* the success of the project.
- 2. Interaction was *poor and caused periodic problems* for the project.
- 1. Interaction was *the cause of constant problems* and *strongly impacted the success* of the project.
- N/A

**Comments:**

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**7. Coordination & Cooperation with General Public (Motorists & Property Owners)**

- 5. Interaction was *excellent* throughout the project, and was a *strong contribution* to the success of the project.
- 4. Interaction was *timely and satisfactory* throughout the project.
- 3. Interaction was *adequate, but slightly impeded* the success of the project.
- 2. Interaction was *poor and caused periodic problems* for the project.
- 1. Interaction was *the cause of constant problems* and *strongly impacted the success* of the project.
- N/A

**Comments:**

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**8. DOH Supervisory Personnel (Resident Engineer & District Office Personnel)**

- 5. Demonstrated *extraordinary skill* and were available to the contractor.
- 4. Demonstrated *adequate skill* and *usually* were available to the contractor.
- 3. Skill and/or availability *periodically hindered* the contractor's progress.
- 2. Skill and/or availability *often hindered* the contractor's progress.
- 1. Skill and/or availability *constantly hindered* the contractor's progress.

**Comments:**

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**9. DOH Technical Staff** (Inspectors, Materials Personnel, etc.)

- 5. Demonstrated *extraordinary skill* and were available to the contractor.
- 4. Demonstrated *adequate skill* and *usually* were available to the contractor.
- 3. Skill and/or availability *periodically hindered* the contractor's progress.
- 2. Skill and/or availability *often hindered* the contractor's progress.
- 1. Skill and/or availability *constantly hindered* the contractor's progress.

**Comments:**

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**10. Notification of Defective Work**

- 5. *Specific* and addressed in a timely manner.
- 4. *Usually specific* and addressed in a timely manner.
- 3. *Periodically unclear* and/or *not* addressed in a timely manner.
- 2. *Frequently unclear* and/or *not* addressed in a timely manner.
- 1. *Constantly unclear* and/or *not* addressed in a timely manner.
- N/A

**Comments:**

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**11. Inspector Interaction with Contractor's Personnel**

- 5. *Outstanding*
- 4. *Effective*
- 3. *Less than effective*
- 2. *Ineffective*
- 1. *Negative* and a *hindrance* to the project.

**Comments:**

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**12. DOH's Conflict Resolution Process on this project (Formal or Informal)**

- 5. *Outstanding*
- 4. *Effective*
- 3. *Less than effective*
- 2. *Ineffective*
- 1. *Negative and adversarial.*
- N/A

Comments:

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**13. Final Inspection Process**

- 5. Specific and addressed in a timely manner.
- 4. Usually specific and addressed in a timely manner.
- 3. Periodically unclear and/or not addressed in a timely manner.
- 2. Frequently unclear and/or not addressed in a timely manner.
- 1. Constantly unclear and/or not addressed in a timely manner.

Comments:

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**14. Contractor Payments**

- 5. Timely, accurate and in accordance with project requirements.
- 4. Usually timely, accurate and in accordance with project requirements.
- 3. Periodically not timely, accurate and in accordance with project requirements.
- 2. Frequently late, inaccurate, and not in accordance with project requirements.
- 1. Constantly late with corrections required, and seldom in accordance with project requirements.

Comments:

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**15. Approval of Change Orders**

- 5. ***Timely***, accurate and in accordance with project requirements.
- 4. ***Usually*** timely, accurate and in accordance with project requirements.
- 3. ***Periodically not*** timely, accurate and in accordance with project requirements.
- 2. ***Frequently late, inaccurate, and not*** in accordance with project requirements.
- 1. ***Constantly late with corrections required, and seldom*** in accordance with project requirements.
- N/A

**Comments:**

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**16. Payment of Change Orders**

- 5. ***Timely***, accurate and in accordance with project requirements.
- 4. ***Usually*** timely, accurate and in accordance with project requirements.
- 3. ***Periodically not*** timely, accurate and in accordance with project requirements.
- 2. ***Frequently late, inaccurate, and not*** in accordance with project requirements.
- 1. ***Constantly late with corrections required, and seldom*** in accordance with project requirements.
- N/A

**Comments:**

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**Project Manager:** \_\_\_\_\_ **Office:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Contractor's Officer:** \_\_\_\_\_

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Appendix C:**  
**Instructions for Completing**  
**Contractor's Performance Report**

## **INSTRUCTIONS AND GUIDELINES FOR CONTRACTOR'S PERFORMANCE REPORT**

### **POLICY STATEMENT:**

The Kentucky Transportation Cabinet (KyTC) requires that a Contractor's Performance Report form be completed for every contractor on every project. Evaluations shall be performed in an objective, consistent and well-documented manner. The contractor's average performance rating (weighted by dollar amount of work performed) for the previous year will be used in the calculation of the contractor's Maximum Eligibility Amount. Utilizing the scores from the Contractor's Performance Report will provide incentive for the contractor to consistently perform at a high level of quality.

### **AUTHORITY:**

Kentucky Revised Statutes 176.130 through 176.220  
Kentucky Revised Statutes 45A.245  
Kentucky Revised Statutes 176.909-176.110  
Rules and Regulations Relating to the Prequalification of Contractors

### **SCOPE:**

The revised Quality-Based Prequalification Process became effective January 1, 2002.

Every contractor, or subcontractor, shall be furnished a copy of the completed Contractor's Performance Report for every project for which work has been performed. In the event of multi-year projects, evaluations will be completed at the end of each year, as well as the end of the project, and a copy will be sent to the contractor.

For projects completed within one calendar year, complete a Contractor Performance Report for every contractor and subcontractor who has performed work on the project. For multi-year projects, submit a Contractor Performance Report for contractors who have performed a substantial amount of work within the previous year. Each performance evaluation will represent the quality of the contractor's performance during the previous time period.

If a subcontractor performs only a minimal amount of work within a calendar year, it is not necessary to complete a Contractor's Performance Report for that given year.

## **RESPONSIBILITIES:**

At the Pre-Construction Meeting, the Resident Engineer shall provide the contractor with a blank copy of the Contractor's Performance Report. This will provide the contractor with a detailed explanation of what level of performance is expected throughout the course of the project.

A Contractor's Performance Report will be completed at the completion of every project, once *all* (including punch lists, final clean-up, etc.) work has been completed, to reflect the quality of the contractor's performance on the given project.

For projects spanning more than one calendar year, a notice will be sent at the end of the year to remind Resident Engineers that Contractor Performance Reports must be completed and submitted for all current projects.

Once an evaluation has been completed, the Resident Engineer shall sign and date the evaluation and submit it to the Chief District Engineer for review, who then shall sign and date the completed evaluation. After the Resident Engineer and the Chief District Engineer have signed the completed evaluation, it shall be sent to the contractor with an appeal application.

## **COMPLETING THE CONTRACTOR'S PERFORMANCE REPORT:**

The Resident Engineer shall complete all contract specific information (i.e.- Contractor Name, Contractor Vendor ID, Project Name, PCN, etc.) so the evaluation data may be properly stored.

The evaluation portion of the Contractor's Performance Report consists of two sections. The first deals with work performance issues, while the second addresses project management and administration topics. The Resident Engineer shall complete both sections for all evaluations, and all questions shall be completed or marked "N/A" if the topic is not relevant.

Each questions consists of a topic, five (5) descriptors, and a section for write in comments. The Resident Engineer shall choose the descriptor that best fits the contractor's performance with respect to the topic. Ratings of "1", "2", "3" and "5" require supporting comments, but comments are always encouraged.

## **TIMELINESS:**

For "end-of-project" evaluations, the Resident Engineer has ten (10) business days to submit the completed the Contractor's Performance Report to the Chief District Engineer. The Chief District Engineer then has ten (10) business days to review the Contractor's Performance Report and have it sent to the contractor with the appeal application.

For projects spanning one calendar year, an "annual" evaluation is required. The Resident Engineer will receive a notice that "end-of-year" evaluations are to be completed and submitted to the Chief District Engineer by December 31<sup>st</sup> of that year.

**APPEALS PROCESS:**

An appeal application shall accompany every completed Contractor's Performance Report that is sent to the contractor. This appeal form will give the contractor the opportunity to object to a given rating by explicitly detailing the cause for the objection. The contractor has ten (10) business days to submit the completed appeal application with the original Contractor's Performance report to the Chief District Engineer.

It is the responsibility of the Chief District Engineer to address the appeal within ten (10) business days upon receipt of the appeal, and to settle the matter between the Resident Engineer and the contractor. The ruling on the appeal will be conducted at the district level, and the final Contractor's Performance Rating will then be sent to the State Prequalification Committee at the central office in Frankfort, KY.

**PREQUALIFICATION COMMITTEE:**

The State Prequalification Committee will gather, store, and use the information collected from the Contractor's Performance Reports completed throughout the year to assist in determining a contractor's Maximum Eligibility Amount. During this process the committee may review individual Contractor Performance Reports for clarification or justification.

**Appendix D:**  
**Instructions for Completing**  
**DOH Performance Report**

## **INSTRUCTIONS AND GUIDELINES FOR DOH'S PERFORMANCE REPORT**

### **POLICY STATEMENT:**

The Kentucky Transportation Cabinet (KyTC) requires that a Contractor's Performance Report form be completed for every contractor on its construction projects. To support its goal for continuous quality improvement, the KyTC is requesting that each contractor complete an evaluation of the performance of the Department of Highways on each project.

### **SCOPE:**

The revised Quality-Based Prequalification Process became effective January 1, 2002.

Every contractor, or subcontractor, may submit a DOH's Performance Report for every project for which work has been performed. In the event of multi-year projects, evaluations will be completed at the end of the year, as well as the end of the project, and submitted to the Chief District Engineer.

The project performance ratings will be used by the districts and the central office to determine quality improvements needed, personnel training needed, topics for discussion at the annual meetings with the contractor associations, and for personnel evaluations and other uses as deemed appropriate.

### **RESPONSIBILITIES:**

At the Pre-Construction Meeting, the contractors shall be provided with a blank copy of the DOH's Performance Report form. This will outline the main areas of performance expected of the DOH.

A DOH's Performance Report may be submitted by the contractors annually or at the end of a project to reflect the quality of the DOH's performance on a given project.

### **COMPLETING THE DOH'S PERFORMANCE REPORT:**

A manager for a contractor shall complete all contract specific information (i.e.- Contractor Name, PCN, Project Identification Number, etc.) so the evaluation data may be properly stored. All questions should be completed or marked "N/A" if the topic is not relevant.

Each question consists of a topic, five (5) descriptors, and a section for written comments. The Manager shall choose a descriptor that best fits the DOH's performance with respect to the topic. Ratings of "1", "2", "3" and "5" require supporting comments; other comments are always encouraged.

Once an evaluation has been completed, it will be submitted to the Chief District Engineer for review. If there seems to have been a difficulty on the job, the Chief District Engineer may ask to meet with the contractor and/or the manager completing the form for more details.

**Appendix E:**  
**Proposed Changes to KyTC**  
**Rules & Regulations on Prequalification**

# **PROPOSED CHANGES TO RULES AND REGULATIONS**

## **Relating to the PREQUALIFICATION OF CONTRACTORS**

### **ORIGINAL RULES AND REGULATIONS READ AS FOLLOWS:**

#### **Section 4 (Relates to Section 5 of 603 KAR 2:015) Methods of Computing Maximum Eligibility Amount**

- 1) (a) The allowable net current assets from the financial statements plus the cash surrender value, less loans, of life insurance on which the applicant is the beneficiary (exclude all policies with other beneficiaries) shall be multiplied by a factor of twelve (12) to establish the net current assets factor  
(b) The book value of owner equipment should be multiplied by a factor of six (6) to establish the equipment factor.  
(c) The Equipment factor shall be added to the net current assets factor to determine the maximum capacity factor.
- 2) The contractor's percentage rating shall be established by the department by evaluating the contractor's organization and experience, plant and equipment and performance in accordance with the following maximum percentages:
  - a) Organization and experience – twenty (20) percent;
  - b) Plant and equipment – thirty (30) percent
  - c) Performance – fifty (50) percent
- 3) (a) The maximum eligibility rating amount shall be determined by multiplying the contractor's percentage rating and the maximum capacity factor.  
(b) A contractor's current eligibility amount shall be the net difference between the contractor's maximum eligibility amount as shown on the certificate of eligibility issued by the department and the total value of completed prime contract work charged to the contractor regardless of its location and with whom it may be contracted.

### **PROPOSED REVISION TO SECTION 4(2):**

- 2) The contractor's percentage rating shall be established by the department by the following procedure:
  - a) Contractors with prior experience with the department shall receive a percentage rating that is based on past work performance and previous percentage ratings.
  - b) Contractors seeking an initial eligibility rating shall receive a percentage rating of 50% the first year of eligibility.



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